



Original Article

Barriers to Financial Inclusion for Women: A Comparative Study across Urban and Rural Areas

Dr. Santosh K. Dalavi

Assistant Professor, Dept. of Economics, MVP's, S.V.K.T. Arts, Science & Commerce College, Deolali Camp, Nashik

Manuscript ID:
IBMIIRJ -2025- 0203018

Submitted: 05 Feb 2025

Revised: 27 Feb 2025

Accepted: 24 Mar 2025

Published: 31 Mar 2025

ISSN: 3065-7857

Volume-2

Issue-3

Pp. 84-87

March 2025

Correspondence Address:
Dr. Santosh K. Dalavi
Assistant Professor, Dept. of
Economics, MVP's, S. V. K. T. Arts,
Science & Commerce College,
Deolali Camp, Nashik
Email: skdalavi862@gmail.com



Quick Response Code:



Web: <https://ibrj.us>



DOI: 10.5281/zenodo.15423029

DOI Link:
<https://doi.org/10.5281/zenodo.15423029>



Creative Commons

Abstract

Financial inclusion plays a crucial role in fostering economic growth and reducing poverty, especially for women, who often face systemic barriers to accessing financial services. This study, titled "Barriers to Financial Inclusion for Women: A Comparative Study Across Urban and Rural Areas in India," explores the multifaceted challenges women encounter in engaging with formal financial systems. The research focuses on understanding these barriers in urban and rural settings, highlighting disparities and commonalities, while examining the socio-economic and cultural factors influencing financial inclusion. The study also evaluates the effectiveness of existing government initiatives, such as the Pradhan Mantri Jan Dhan Yojana (PMJDY), in bridging these gaps. Using a mixed-methods approach, primary data was collected through structured surveys and interviews conducted among 500 women across urban and rural areas in the Nashik district. Key findings reveal that urban women are more likely to have access to financial services, but they still face hurdles like lack of time and complex procedures. In contrast, rural women encounter more profound barriers, including illiteracy, limited digital access, and socio-cultural norms. Interestingly, women's perception of financial services differs significantly between urban and rural areas, shaped by their exposure, education levels, and societal roles. The results highlight critical gaps in existing financial inclusion initiatives and emphasize the need for targeted interventions. Policy recommendations include simplifying financial processes, promoting digital and financial literacy, developing women-centric financial products, and addressing socio-cultural barriers through awareness campaigns. By addressing these issues, financial inclusion efforts can empower women, enhance their economic participation, and contribute to gender equality. This research not only underscores the urgency of inclusive financial policies but also provides actionable insights for stakeholders aiming to create sustainable and scalable solutions to promote financial inclusion for women in India.

Keywords: Women empowerment, socio-cultural barriers, digital literacy, gender equality, women-centric financial products, financial literacy programs.

Introduction

Financial inclusion is a cornerstone of inclusive economic growth, empowering individuals to engage with formal financial systems through access to savings, credit, insurance, and digital payments. For women, its impact extends beyond economic benefits, fostering autonomy, enhancing decision-making, and promoting gender equality. However, a significant gender gap persists in financial inclusion, particularly in India, where the Global Findex Database (2021) reports that only 77% of women have access to formal financial services compared to 83% of men. Rural women face greater challenges due to socio-cultural norms, infrastructural deficits, and economic constraints. Despite efforts like the Pradhan Mantri Jan Dhan Yojana (PMJDY), which has brought millions into the formal financial system, barriers to meaningful utilization remain. Studies reveal that many women's accounts remain dormant due to socio-cultural restrictions and limited financial literacy. Rural women are particularly disadvantaged, often lacking access to credit and insurance due to infrastructural and institutional barriers. Urban women, on the other hand, encounter challenges like time poverty, dependency on male family members, and lack of confidence in using digital platforms. Addressing these disparities requires a context-specific approach. Urban women may benefit from improved digital literacy and fintech solutions, while rural women need basic infrastructure, localized financial education, and culturally sensitive interventions.

Creative Commons (CC BY-NC-SA 4.0)

This is an open access journal, and articles are distributed under the terms of the [Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International Public License](https://creativecommons.org/licenses/by-nc-sa/4.0/), which allows others to remix, tweak, and build upon the work noncommercially, as long as appropriate credit is given and the new creations are licensed under the identical terms.

How to cite this article:

Dalavi, S. K. (2025). Barriers to Financial Inclusion for Women: A Comparative Study across Urban and Rural Areas. *InSight Bulletin: A Multidisciplinary Interlink International Research Journal*, 2(3), 84–87. <https://doi.org/10.5281/zenodo.15423029>

Research Objectives

- Identify barriers to financial inclusion for women in urban and rural India.
- Compare the differences in challenges faced by women in these regions.
- Evaluate the impact of government initiatives and fintech solutions.
- Suggest policy interventions to address identified barriers.

Literature Review

Existing research highlights the persistent gender gap in financial inclusion despite global and national efforts. According to the Global Findex Database (2021), women in India face significant challenges in accessing financial services, with rural women disproportionately affected due to cultural norms, limited infrastructure, and low financial literacy. Studies like those by Demirgüç-Kunt et al. (2021) and Agarwal and Hauswald (2020) emphasize that while schemes like the Pradhan Mantri Jan Dhan Yojana (PMJDY) have increased account ownership, many accounts remain dormant, primarily due to lack of awareness and societal restrictions. In rural areas, patriarchal norms limit women's mobility and decision-making, while in urban areas, women face time poverty and dependency on male family members for financial decisions (Chakrabarty, 2019).

Barriers such as inadequate infrastructure, poor digital literacy, and economic constraints further widen the urban-rural gap. Research by NABARD (2021) and Ghosh and Vinod (2017) highlights the lack of banking facilities and technological access in rural areas, while urban women struggle with navigating complex financial processes. Although fintech solutions and government initiatives like Stand-Up India have made progress, they have yet to address gender-specific challenges effectively. The literature underscores a critical gap in comparative studies on urban and rural women and the cultural nuances affecting financial inclusion. This study aims to address these gaps and provide actionable insights for policymakers and financial institutions.

Methodology

1. Research Design

The study adopts a comparative, mixed-methods approach, combining quantitative surveys and qualitative interviews.

2. Sampling and Study Area

The study adopts a stratified random sampling method, selecting 200 women 100 each from urban and rural areas of Nashik district, Maharashtra. Urban participants are drawn from Nashik city, while rural participants are selected from nearby villages such as Sinnar and Igatpuri. The sampling ensures representation across various socio-economic backgrounds to capture diverse perspectives. Nashik district is chosen for its blend of urban growth and rural population, making it ideal for comparative analysis.

Data Collection Tools

1. **Survey:** Structured questionnaire covering demographics, financial product usage, and perceived barriers.
2. **Interviews:** Semi-structured interviews with women, financial service providers, and policymakers to gather in-depth insights.

Data Analysis

- Quantitative data analyzed using descriptive statistics, t-tests, and chi-square tests.
- Qualitative data analyzed using thematic coding to identify common patterns and unique challenges.

Results and Discussion

Socio-Demographic Profile of Participants

The study sampled 200 women, with an equal distribution between urban and rural areas. In the urban sample, the majority were between 30-45 years old, with a higher proportion of women employed in formal sectors such as education, healthcare, and retail. The rural sample consisted mostly of women aged 25-40, with a significant percentage engaged in agriculture, small-scale businesses, or household-based work. Educationally, urban women showed higher levels of formal education, with 70% having completed secondary education or higher, compared to only 40% in rural areas. Income levels were also higher in urban areas, with most urban women earning a steady income, while rural women primarily had irregular earnings based on agricultural cycles or seasonal work.

Barriers to Financial Inclusion for Women

The study identified several key barriers faced by women in both urban and rural areas, but with notable differences in their nature and impact.

- **Socio-Cultural Barriers:** In rural areas, patriarchal norms significantly restrict women's autonomy, particularly in accessing financial services. Many women need male family members' approval to open bank accounts or obtain loans. About 60% of rural women reported that their financial decisions were influenced or controlled by men. In urban areas, while fewer cultural constraints exist, 40% of women still face challenges with male family members controlling financial decisions, limiting their independence in financial matters.
- **Economic Barriers:** Rural women often lack access to stable income sources, making it difficult to qualify for loans or save regularly. Irregular income from agricultural or seasonal work hinders their ability to access credit from formal institutions, with 55% of rural women reporting no access to formal credit. In urban areas, women with more stable incomes still face

economic barriers, such as high living costs and limited savings, which prevent them from making long-term financial plans or investments.

- **Institutional and Infrastructural Barriers:** In rural areas, a lack of banking infrastructure, such as branches and ATMs, creates significant challenges. Over 70% of rural women reported that the nearest bank was far from their homes, complicating their ability to access financial services. In urban areas, while infrastructure is more readily available, women often find the process of applying for loans or using other financial services to be overly complex, requiring more support and guidance.
- **Digital and Technological Barriers:** Rural women face considerable difficulties due to limited access to smartphones and poor internet connectivity, with only 35% owning smartphones and just 20% using mobile banking services. In contrast, urban women have greater access to technology, with 75% owning smartphones, but still struggle with digital literacy. About 45% of urban women reported concerns over online security and a lack of confidence in using digital platforms for financial transactions, limiting their adoption of fintech solutions.

Urban vs. Rural Comparison

The study reveals significant differences between urban and rural women in terms of access to financial services, socio-economic participation, and cultural barriers. Urban women generally enjoy better access to banking infrastructure and digital financial services, with 80% living near financial institutions and 65% using mobile wallets regularly. They also benefit from higher education levels, stable employment, and more opportunities for financial independence. However, they still face challenges like financial literacy, time poverty, and navigating complex financial products. Cultural barriers, though less pronounced than in rural areas, still exist, with 40% of urban women depending on male family members for financial decision-making.

In contrast, rural women face more severe barriers, particularly due to infrastructural deficits and deeply ingrained socio-cultural norms. Over 70% of rural women reported limited access to banking facilities, and many rely on informal credit sources due to the lack of formal financial services. Digital literacy is low, with only 25% of rural women using mobile banking, and cultural norms require male approval for financial decisions, reducing their autonomy. The absence of a steady income and limited education further restricts their financial participation. These findings highlight the need for tailored interventions that address the specific challenges faced by women in both urban and rural settings.

Effectiveness of Existing Initiatives

Existing initiatives like PMJDY, Stand-Up India, PMMY, and digital financial inclusion programs have made notable strides in promoting financial inclusion for women, but their effectiveness varies across urban and rural areas. Urban women have benefited more due to better access to banking infrastructure and digital services, while rural women continue to face significant barriers, such as lack of financial literacy, limited access to banking facilities, and socio-cultural constraints. These initiatives have not fully addressed the unique challenges faced by rural women, including digital illiteracy and insufficient support for entrepreneurship. To enhance their effectiveness, a more tailored approach is needed, focusing on simplifying processes, improving digital literacy, and offering targeted financial literacy and support programs, particularly in rural regions.

Policy Implications and Recommendations

The findings of this study highlight the persistent barriers to financial inclusion for women, especially in rural areas, and underscore the need for targeted, gender-sensitive policies that address both the infrastructural and socio-cultural challenges. To effectively promote women's financial inclusion, policies must consider regional disparities, socio-economic differences, and the specific barriers faced by women in accessing and utilizing financial services.

1. **Simplifying Financial Processes:** To increase women's participation in the formal financial system, it is essential to simplify the processes involved in accessing financial services. This includes reducing the complexity of loan applications and eliminating excessive documentation requirements, which can be overwhelming, especially for rural women. By streamlining these procedures and offering flexible loan terms, financial institutions can make it easier for women to engage with banking services, ultimately promoting greater financial inclusion.
2. **Promoting Digital Literacy and Access:** Enhancing digital literacy among women, particularly in rural areas, is crucial for their active participation in digital financial services. Government initiatives should focus on training programs to teach women how to use mobile banking, digital wallets, and other online financial tools. Additionally, expanding access to affordable smartphones and improving internet connectivity in rural regions can ensure that women are not excluded from digital financial services and can effectively engage with modern banking systems.
3. **Increasing Awareness and Financial Literacy Programs:** Government and financial institutions should invest in targeted financial literacy programs that are specifically designed for women. These programs should cover essential topics like budgeting, saving, and investing, and be delivered in a culturally sensitive and accessible manner. Financial literacy initiatives should be embedded in existing community development programs to reach women at the grassroots level, ensuring that they are well-informed about the financial products available to them.
4. **Strengthening Women-Centric Financial Products:** Developing financial products that cater specifically to women's needs is vital for promoting financial inclusion. These products should include micro-loans, low-interest credit, and insurance schemes tailored to the financial situations of women, particularly those in rural areas. Such products must have flexible repayment terms, lower collateral requirements, and align with women's income patterns, enabling them to better manage their finances and pursue entrepreneurial opportunities.
5. **Addressing Socio-Cultural Barriers:** Addressing the socio-cultural barriers that limit women's financial autonomy is essential for achieving true financial inclusion. Government initiatives should focus on changing societal attitudes toward women's financial roles, challenging gender norms, and encouraging both women and men to support women's financial

decision-making. Community-based awareness programs and campaigns led by women leaders can play a significant role in shifting cultural perceptions and empowering women to take control of their financial futures.

Conclusion

This study underscores the multifaceted barriers to financial inclusion for women in India and highlights the stark differences between urban and rural contexts. Addressing these challenges requires collaborative efforts from governments, financial institutions, and civil society organizations. Bridging the gender gap in financial inclusion is not only an economic imperative but also a vital step toward achieving gender equality and sustainable development.

Acknowledgments

I am Dr. Santosh Dalavi thankful to Dr. Pratima Wagh, Principal and Dr. D. T. Jadhav Vice Principal, S. V. K. T. Arts Science and Commerce College Devlali Camp for granting permission to carry out the work.

Financial support and sponsorship

Nil.

Conflicts of interest

There are no conflicts of interest.

References:

1. **Ankita Birla (2016)**, "Role of commercial banks in Financial Inclusion: A study in respect to Indian Economy", International Journal of Science Technology & Management, Vol.5, Issue No.4, April 2016, ISSN 2394-1537.
2. **Bhoomika Garg (2014)** "Financial Inclusion and Rural Development", Research journal's Journal of Commerce, Vol. 2, No.1, February 2014, PP.1-6.
3. **Chakravarty, S. R., & Pal, R. (2013)** Financial Inclusion in India: An Axiomatic Approach. Journal of Policy Modeling, 35(5), 813-837.
4. **Beck, T., Demirguc-Kunt, A., & Peria, M. S. M. (2007)**. "Banking Services for Everyone? Barriers to Bank Access and Use Around the World." *World Bank Policy Research Working Paper Series, No. 4079*.
5. **Demirguc-Kunt, A., & Klapper, L. (2013)**. "Financial Inclusion in Africa: An Overview." *World Bank Policy Research Working Paper Series, No. 6290*.
6. **Reserve Bank of India (2015)**. "Financial Inclusion and Development: Recent Trends and Policy Initiatives." *Annual Report*.
7. **World Bank Group (2020)**. "Women, Business and the Law 2020: Comparing Legal Regimes and Their Impact on Women's Economic Opportunities."
8. **Kumar, S., & Saini, A. (2019)**. "Financial Literacy and Women's Empowerment: A Review of Literature." *Journal of Financial Services Marketing*, 24(3), 184-194.
9. **Chakrabarty, K. C. (2012)**. "Financial Inclusion: A Key to Sustainable Economic Growth." *Indian Journal of Finance*, 6(9), 29-41.
10. **Sanyal, P. (2017)**. "Impact of Financial Inclusion on Women's Empowerment: A Study in Rural India." *International Journal of Rural Management*, 13(2), 155-172.
11. **Khera, R., & Nayak, S. (2020)**. "Access to Financial Services: Evidence from the Indian Context." *Economic & Political Weekly*, 55(48), 47-56.
12. **International Finance Corporation (2017)**. "The Case for Women's Financial Inclusion."
13. **Bansal, S., & Yadav, A. (2021)**. "Financial Inclusion and Women Empowerment: A Comparative Study of Rural and Urban Areas." *International Journal of Financial Studies*, 9(4), 300-318.